

Faster recovery lowers borrowing requirement for central government

Central Government Borrowing – Forecast and Analysis 2021:3

Press Conference 27 October 2021

Debt Office's October forecast for 2021–2023 in brief

Macro picture

- Swedish economy recovers faster than expected from pandemic

Budget balance

- Central government budget balance shows surplus throughout entire forecast period

Borrowing

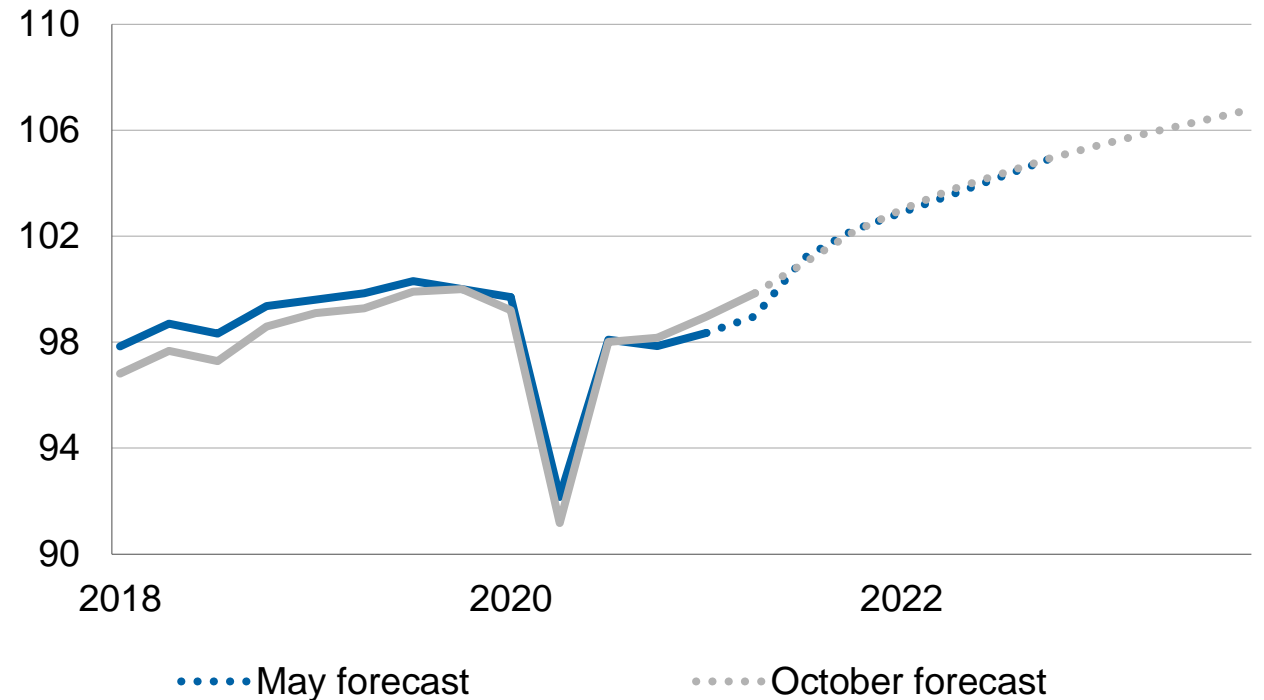
- Supply of government securities decreases and central govt. debt shifts downwards

Recovery of Swedish economy continues

- Growth in surrounding world is strong but subsiding
- Swedish economy is driven by consumption and investment
- Strong but difficult-to-interpret labour market

Swedish GDP in levels

Index 2019:4 = 100

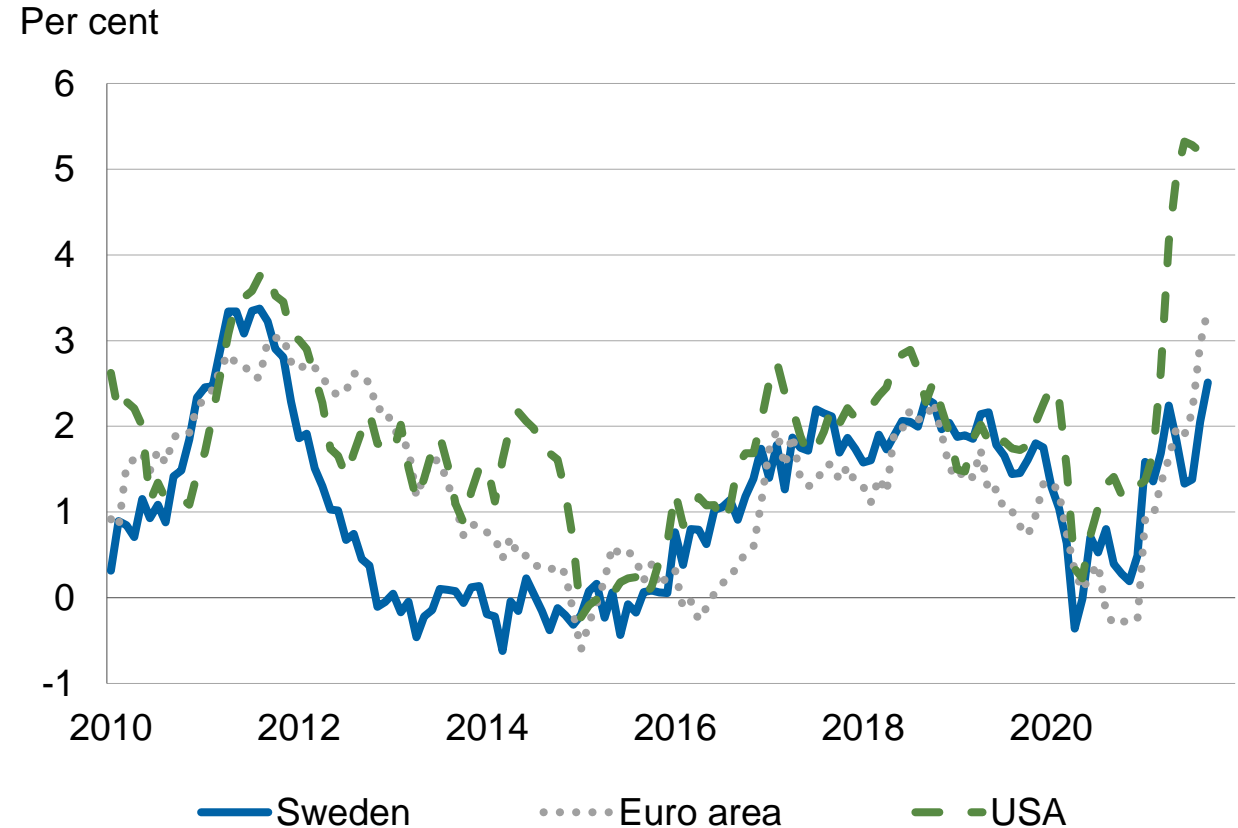


Source: Statistics Sweden and the Debt Office

Inflation – What determines if the increase is temporary

- Increase in both inflation and inflation expectations
- Pandemic has impact, both in the short and long-term
- Reaction from market and decision-makers is more important than actual outcomes

Inflation in selected countries

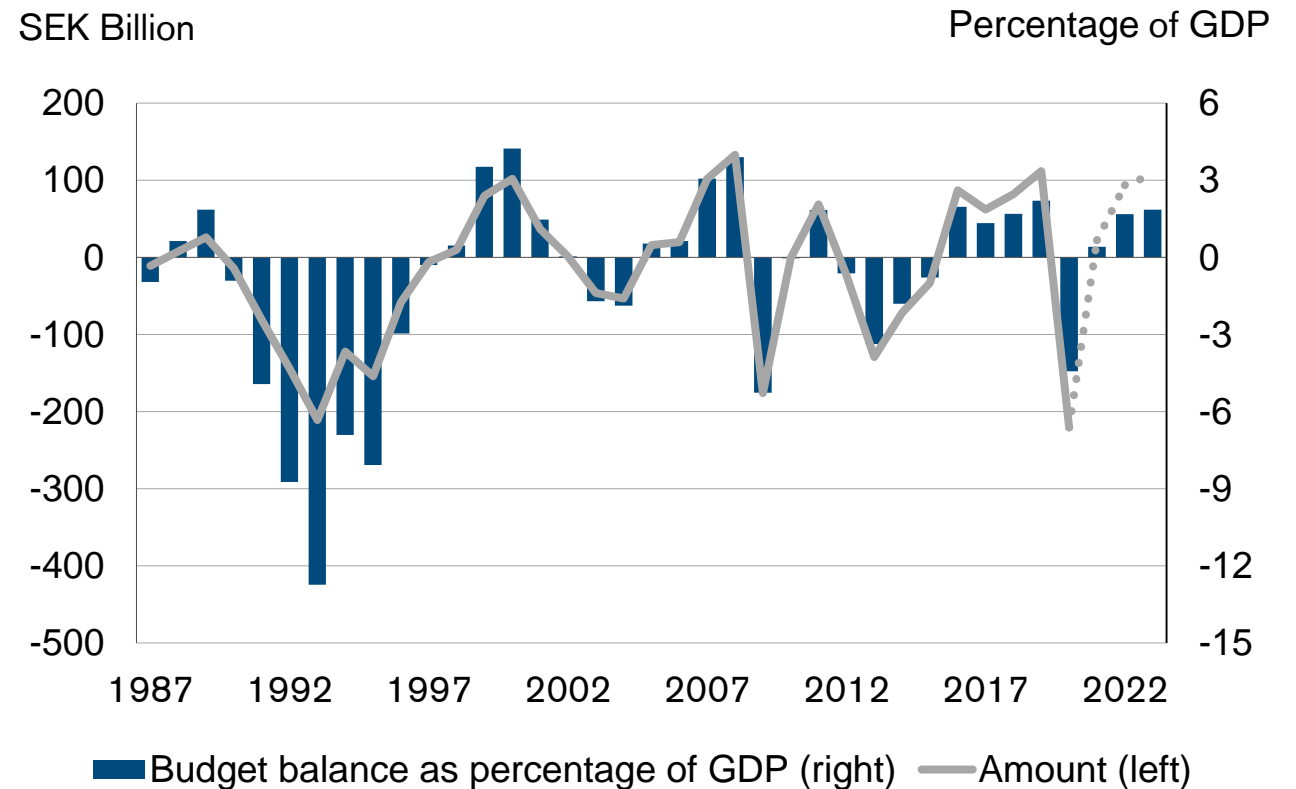


Sources: Statistics Sweden, Eurostat och Bureau of Labor Statistics

Central government budget balance shows surplus

- Continued recovery of the economy leads to increased income from taxes
- Riksbank's repayment of loans accounts for large part of total surpluses during forecast period
- Central govt. net lending becomes positive first in 2023

Budget balance



Source: Statistics Sweden and the Debt Office

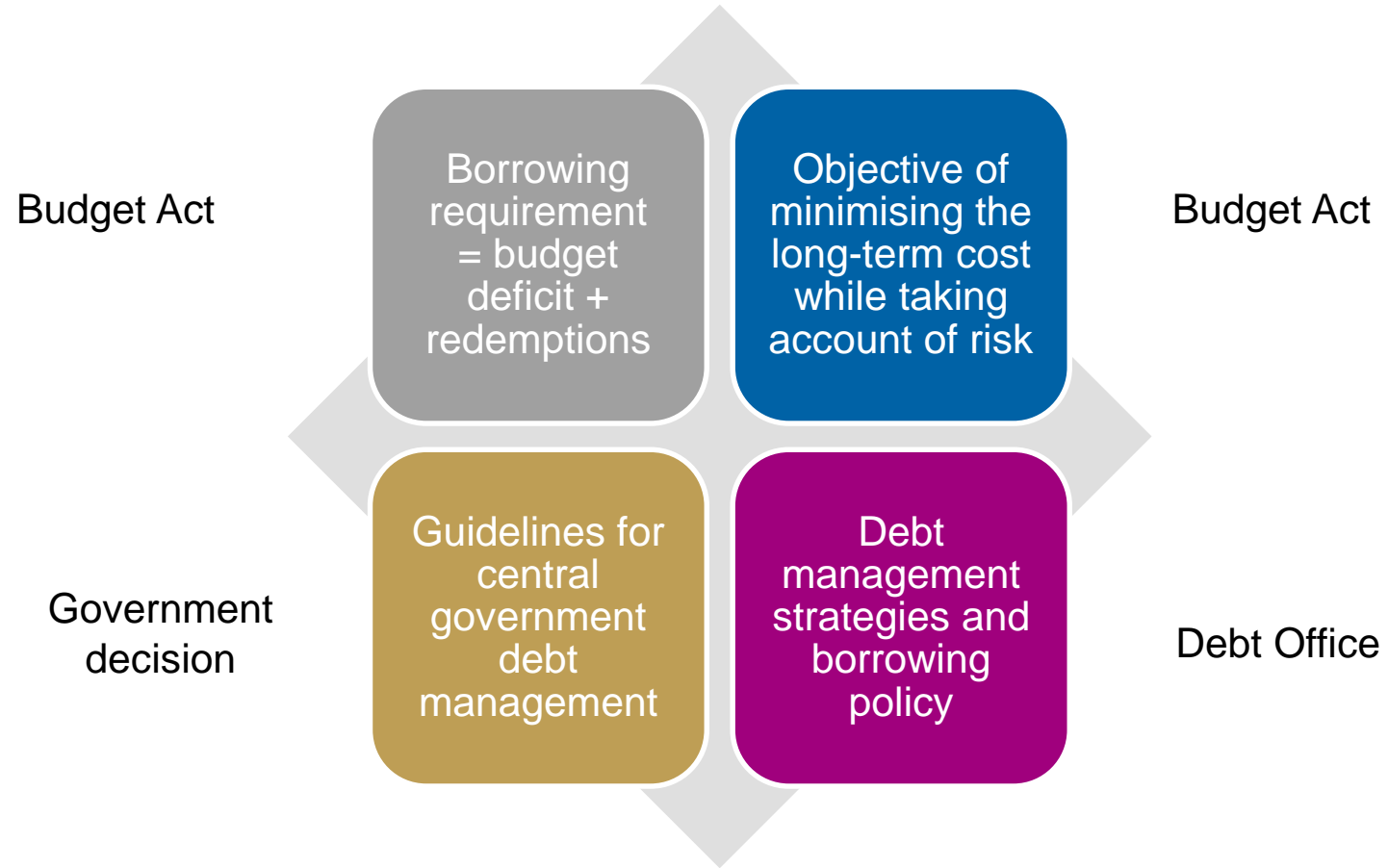
Recovery and surpluses – but with uncertainty

Risks

- Pandemic
- Inflation
- Tax accounts



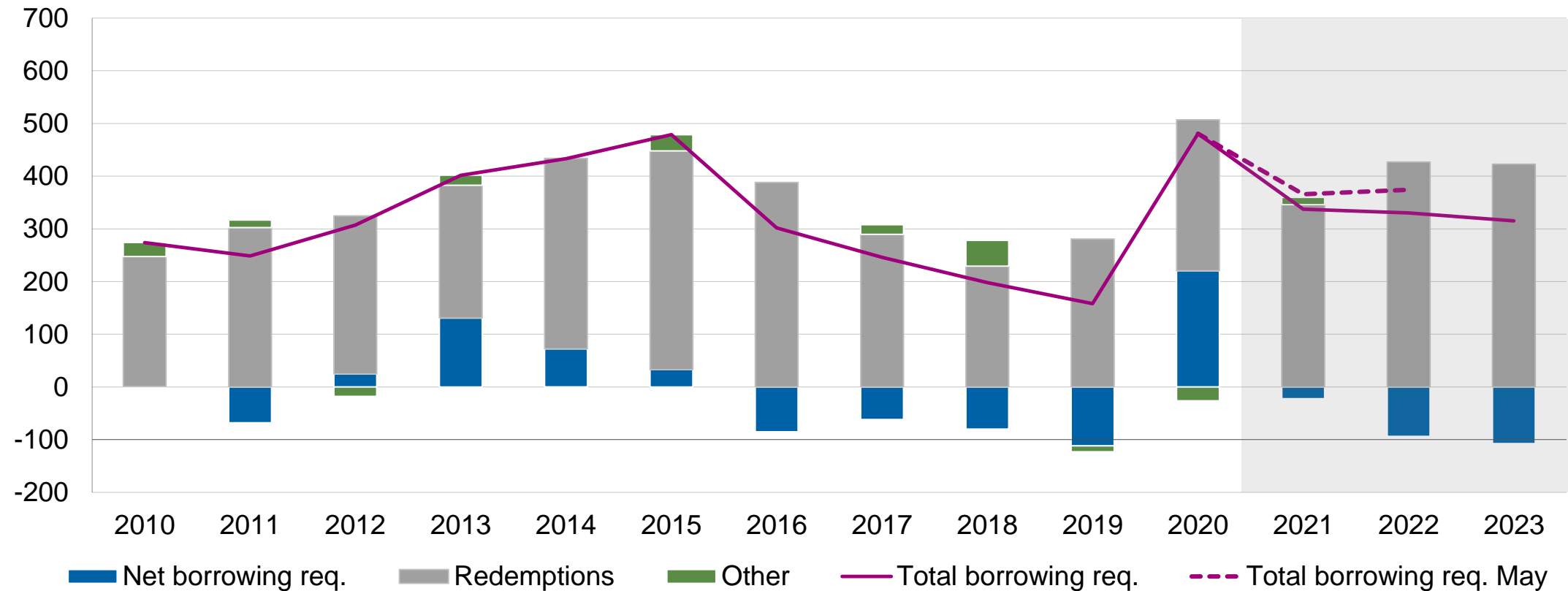
Borrowing plan is based on a stable framework



Smaller borrowing requirement in new forecast

Total borrowing requirement, SEK billion

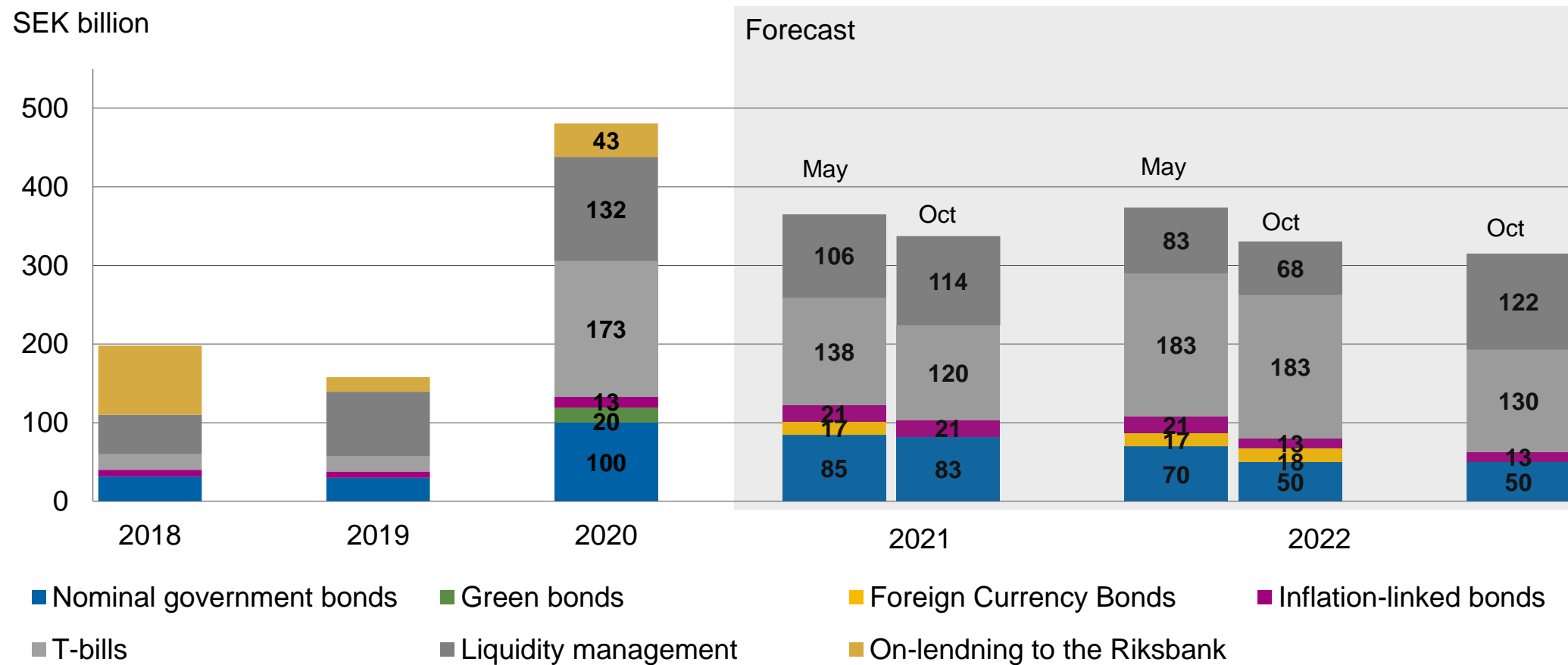
SEK billion



Note: Net borrowing requirement equals budget balance with opposite sign. "Other" includes an adjustment because the net borrowing requirement is reported by settlement date while borrowing is reported by trade date.

Canceled foreign borrowing this year and lower supply of government bonds

Annual borrowing by debt instrument, SEK billion

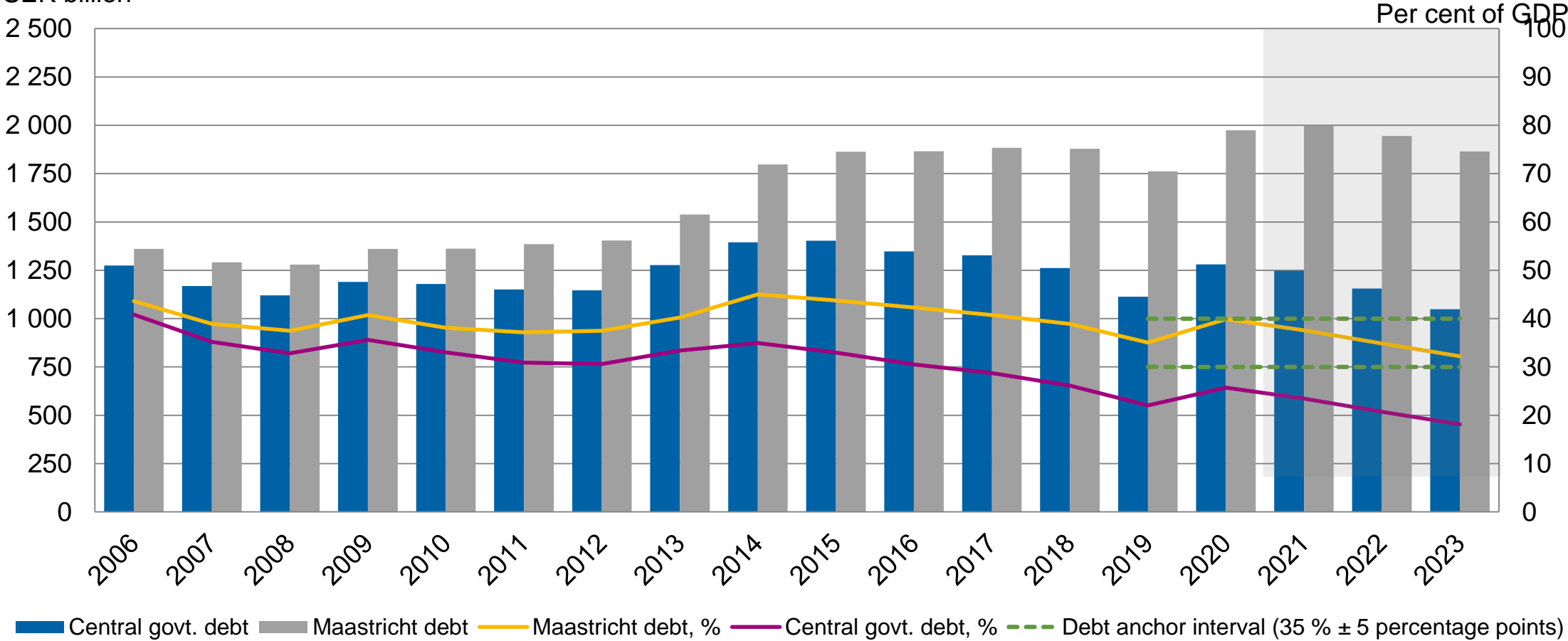


Note: Borrowing per calendar year. The amount of treasury bills and liquidity management refers to outstanding stock at year-end.

Central government debt shifts downward this year and continues to decrease

Central government and public debt (Maastricht)

SEK billion

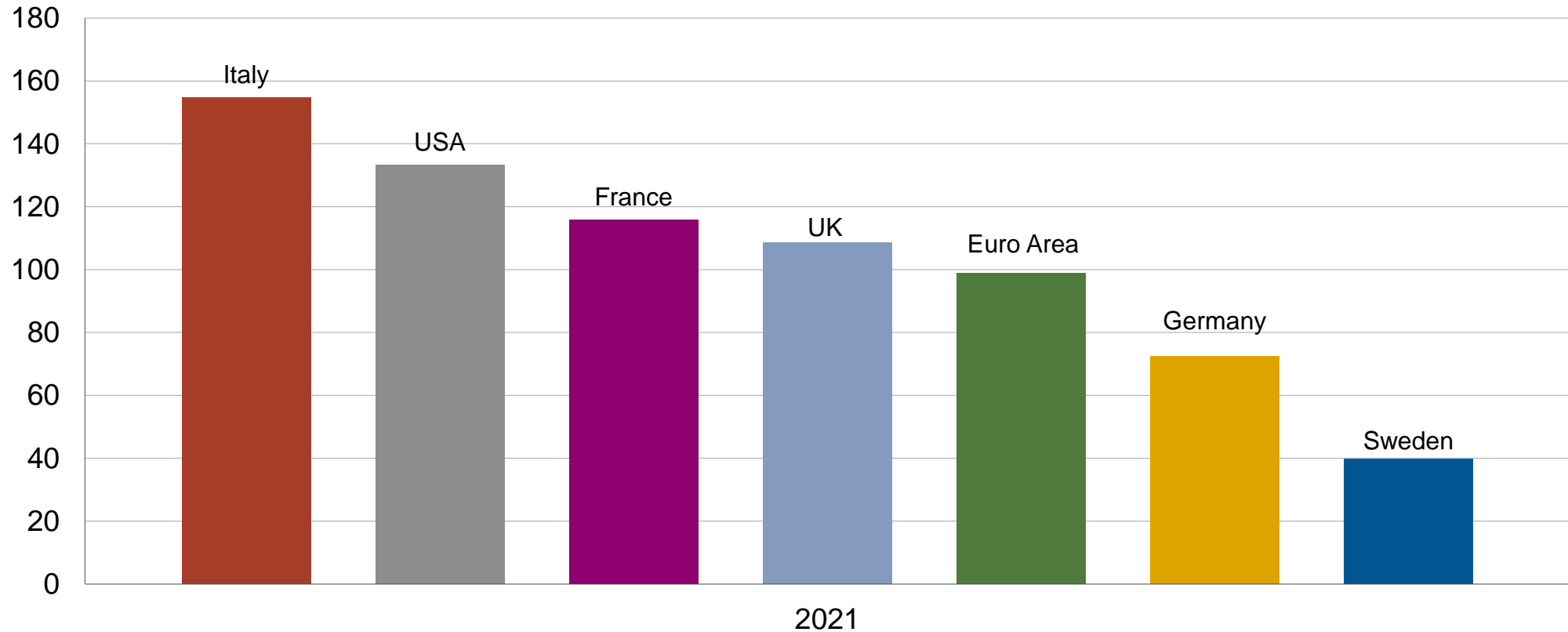


Sources: Debt Office and Statistics Sweden

Sweden has low public debt in international comparison

Public sector gross debt 2021, IMF forecast

Percentage share of GDP



Source: Fiscal Monitor October 2021, IMF.

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